

Fact vs. Fiction on AT&T T Mobil Merger: AT&T's \$39 billion takeover of T-Mobile USA is yet another in the series of large telecom mergers that over time are slowly reassembling the Ma Bell monopoly of old.

It's now left to federal regulators at the Department of Justice and the Federal Communications Commission to decide what's really best for Americans.

Should they let two national carriers dominate our mobile world? Would giving AT&T and Verizon near complete control benefit smart phone users, create more jobs, make broadband access widespread, and fuel our sputtering economy?

Consolidation of the scale being proposed by AT&T resembles the old railroad and oil trusts of the 19th century. It seems unthinkable to suggest that turning one of the most innovative sectors "back to the future" would help. Why go there?

Yet AT&T wields unparalleled political power in Washington. It stands a good chance of convincing regulators to discard with common sense, stand aside and let this mega-merger sail through on approval.

Here are five reasons that all Americans -- and not just T-Mobile and AT&T customers -- should be concerned by the return of the new, old Ma Bell:

1. The merger would further erode what little competition exists in the wireless market.

The merger hands two companies, AT&T and Verizon, control over nearly 80 percent of the wireless market. That translates to widespread abuses of market power, something AT&T is already known for.

In any other industry, allowing this much concentration, especially without any meaningful oversight or regulatory protections, would be unthinkable. By comparison, the top 10 oil producing firms combined control less than 80 percent of the U.S. market, but this wireless merger will give that level of market dominance to just two companies.

Imagine if ExxonMobil were to merge with BP, Shell, Chevron-Texaco, and Citgo. That would net ExxonMobil the same level of market control as AT&T will have with this deal. And unlike the gasoline market, where consumers can just drive another block to choose another station, wireless users are locked into long-term contracts.

2. The merger would result in higher prices and fewer choices for wireless consumers.

AT&T and Verizon currently control nearly two-thirds of the market and have a long history of raising prices in concert, as they both did early last year by requiring all customers on feature phones to add data plans.

Sprint and T-Mobile (the third and fourth largest of the four national carriers) were meant to exert some competitive discipline on the big two. The average fee for AT&T users (\$63 per post-paid subscriber) is some 20 percent more than the amount T-Mobile users pay (\$52 per T-Mobile &T subscriber).

You take T-Mobile's lower cost structure out of our wireless equation and the remaining providers have even fewer checks against raising prices on every user. And prices have risen steadily, according to J.D. Power and Associates. In December 1998, the monthly Average Revenue Per User (ARPU) for wireless companies was \$39.43. By the end of 2010, this has risen to more than \$49. This steady price increase comes despite the fact that carriers' own operating costs have declined substantially, as their profits have risen.

This change will be particularly acute for the 34 million people who now subscribe to T-Mobile. Even if AT&T agrees to honor their existing contracts for their remaining length, they will surely see higher prices when those contracts expire or when they need to buy a new handset or make changes to their contracts.

3. This merger will kill tens of thousands of U.S. jobs.

When was the last time a merger actually created jobs for Americans and not more pink slips? This merger is no different. And yet that hasn't stopped AT&T from wrapping itself in the flag by noting that T-Mobile is a subsidiary of a German company.

But T-Mobile USA is based in Bellevue, Washington and employs nearly 40,000 U.S. citizens. The plain fact is that AT&T plans to put these American jobs at risk. Their executives say the plan to save \$40 billion through merger "synergies." This means that many of the T-Mobile jobs at retail stores and call centers will be eliminated. The planned shuttering of thousands of wireless towers will result in the firing of an untold number of technicians. And there will be more jobs lost as the cost-cutting effects of this merger ripple through the broader economy.

4. This merger is a raw deal for American innovation.

AT&T has a history of making handset manufacturers cripple features like WiFi on devices, and of blocking the use of certain applications like Google Voice and Slingbox.

The merger would stifle innovation both in devices and on the network. The combined carriers would be able to leverage an unfair amount of market power to prioritize which handsets get used, what technologies work on those handsets and which Apps you'll be able to upload from the network (Imagine AT&T prioritizing it's own inferior voice recognition and navigation applications over those offered by Google or a innovating startup).

According to the Wall Street Journal, handset manufacturers are remaining mum on the deal, possibly out of a "fear of angering a powerful customer" in AT&T, which can make or break a device by simply deciding to allow it on its network.

Would a merged AT&T permit any device innovation that challenges its bottom line? Using history as a guide, the likely answer would be, "no."

5. The merger is a threat to free speech and openness on the wireless web.

AT&T along with Verizon has fiercely opposed any wireless Net Neutrality requirements, with AT&T brokering a deal with the FCC to ensure they have the legal right to block online content and charge application developers additional tolls just to reach AT&T customers.

The FCC's weak Net Neutrality decision was the result -- exempting mobile services from openness protections based on Chairman Julius Genachowski's assumptions that competition existed in wireless.

With further consolidation AT&T and Verizon will be in an even stronger position to play gatekeeper on the wireless web, picking winners and losers, limiting our ability to connect and share information and ultimately slowing the pace of mobile Internet innovation.

The fact of this merger shows how the U.S. must have strong Net Neutrality rules, according to Sen. Dick Blumenthal of Connecticut: "Regulatory approval should contain strict conditions to ensure that consumer concerns about cost, access, choice, and competition are adequately addressed. Moreover, such high wireless market concentration raises serious potential net-neutrality concerns that should be addressed. The largest mobile network in the nation must not be allowed to limit access to content in a discriminatory manner."

Five Things Wrong With This Merger

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AT&T wants you to believe that its takeover of T-Mobile would be good for jobs, innovation and the economy, while saving you hundreds of dollars on your mobile bills.

Don't believe the fairy tale. If this deal goes through, just two companies, AT&T and Verizon, would control nearly 80 percent of the mobile market in America. With too few choices, mobile phone users would face higher prices, poorer service, and less innovation.

Please reject this merger and act in the public interest. Act in the best interests of the people not the corporations. Yes AT&T and T Mobil along with their lobbyists and anyone they've bought off want this approved but the public doesn't and this will hurt consumers a lot.